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Finance, Planning and Facilities Committee, July 19, 2012

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Minutes
Coastal Carolina University
Board of Trustees

Finance, Planning, & Facilities Committee
E. Craig Wall Sr. School of Business Administration Building Boardroom
Thursday, July 19, 2012

Members of the Committee Present:	Mr. J. Wayne George, Mr. Carlos C. Johnson, Mr. Eugene C. Spivey and Mr. William E. Turner III
Committee Member(s) Not Present:	Mr. William S. Biggs and Mrs. Natasha M. Hanna
Other Board Members Present:	Dr. Larry L. Biddle, Mr. Gary W. Brown, Mr. Samuel H. Frink, Mr. J. Wayne George, Mr. D. Wyatt Henderson, Mr. William L. Lyles Jr., Mr. Daniel W. R. Moore Sr., Dr. Oran P. Smith and Mr. Robert G. Templeton
Others Present:	Ms. Sandy A. Baldrige, Mrs. Stacie A. Bowie, Ms. Lori G. Church, Dr. Debbie C. Conner, Ms. JoAnna Dalton, Dr. David A. DeCenzo, Mr. Edgar L. Dyer, Mr. Steve Harrison, Mr. Matt Hogue, Ms. Martha Hunn, Dr. Keshav Jagannathan, Mr. Timothy Meacham, Ms. Anne Monk, Ms. Jennifer Packard, Dr. Robert Sheehan, Ms. Sharon Sluys, Ms. Chyrel Stalvey, Mr. Gregory W. Thornburg, Dr. Judy W. Vogt, Mr. Desmond Wallace and Ms. Sandra Williams

(In accordance with the requirements of the South Carolina Freedom of Information Act, the news media were notified of the time, location, and agenda of the meeting. Ms. Heather Gale of The Horry Independent and Mr. Steve Jones of The Sun News were present.)

Chairman Bill Biggs could not be in attendance. Vice Chairman Carlos Johnson brought the meeting to order at 12:30 p.m.

For the ninth year in a row, the University has received a Certificate of Achievement Award for Excellence in Financial Reporting for our Comprehensive Annual Financial Report (CAFR). Congratulations were extended to Lori Church and Stacie Bowie for a job well done.

Ms. Sandy Baldrige, newly appointed Manager of Contractual & Business Services, was introduced by Mrs. Stacie Bowie and welcomed by the Board.

Mr. Gene Spivey made a motion to approve the Finance, Planning & Facilities Committee minutes of May 3, 2012. Mr. Will Turner seconded and the motion passed.

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Ms. Stacie Bowie reviewed the FY11-12 budget, quoting actual figures as of May 31, 2012, and forecasting the final numbers for June 30, 2012. The anticipated results are \$5.9 million over in undergraduate revenue, an increase of 6.2% over budget, and \$1 million in graduate revenue. Overall, total revenue will come in at \$5.8 million, or \$5.3 million over budget. An extra \$1.5 million was carried over into the current year to handle some strategic initiatives on the spending side, making overall total revenue \$120 million, which is \$7.4 million over budget, or 6.6%. Operating expenses are anticipated to come in at \$4.5 million over budget; \$2.8 million of that is due to temporary faculty salaries and the benefits associated with same. In addition, \$1 million was set aside on the balance sheet in case some of the outstanding receivables are not realized. Currently, \$5.7 million has been transferred into unexpended plants, or the renovation and reserve plant expansion fund, which is \$2.4 million over budget. The \$2.4 million will be used by Facilities Operations for interior refurbishments, exterior renovations, and general maintenance around campus. All contingencies are still set aside – 3% of operations and our contingency for FY13.

The FY13 planned budget had to be revised to take into account the impact of the 3% pay increase which had been expected to be a 2% increase. An additional .5% retirement deduction will come out of employees' paychecks, to be followed by another .5 % increase for 2014, and another .5% increase for 2015, for a total increase of employee contribution for retirement of 1.5%. State appropriations will remain the same as last year at \$8.591 million. In addition, the State authorized \$948,366 for a research vessel, \$198,000 worth of equipment for that vessel, and \$418,000 for deferred maintenance, part of which we anticipate using for new carpet in Kimbel Library.

Mrs. Bowie then addressed the refunding of revenue bonds that were issued a month or so ago, explaining that Coastal basically refinanced old bonds at a much lower rate. The rate on the new bonds was 2.1% on \$6.147 million and, as a result, saved \$1.589 million over the life of the bonds which mature in 2026. In present value terms, this equals \$1.373 million, or about \$112,000 per year of savings against debt service for the bonds. In response to Mr. Wayne George's question regarding who acted as legal counsel for the issuance of the bonds, Mrs. Bowie replied that Margaret Pope, attorney with Pope Zeigler, one of the State Treasurer's Office approved law firms, had served in this capacity and did an excellent job.

- 1. Mr. Will Turner moved to request approval to proceed with the renovation of Baxley Hall at a cost not to exceed \$1 million in order to convert the old bookstore space to house Admissions and Financial Aid paid for from renovation reserve (Motion 12-33) . Mr. Spivey seconded, and the motion passed.**
- 2. Mr. Turner moved to request approval of extension to June 30, 2013, of the Foundation Center Sublease due to expire December 31, 2012 (Motion 12-34). Mr. Spivey seconded, and the motion passed.**
- 3. Mr. Spivey moved to request approval to establish a tuition rate for Fall 2012/Spring 2013 of \$101.75 per credit hour for students of the Scholars' Academy per the Memorandum of Understanding between the University and Horry County Schools executed on August 1, 2011 (Motion 12-35). Mr. Turner seconded, and the motion passed.**

4. **Mr. Spivey moved to request approval to establish either a scholarship or a waiver of 50% of the in-state tuition rate for any/all dependent children, as defined by the IRS tax code, of permanent, full-time faculty/staff employees with at least one year of uninterrupted service, excluding those children of the University President or of any member of the University Board of Trustees precluded by Section 59-111-60 of the SC Code of Laws effective Fall 2012/Spring 2013 (Motion 12-36). Mr. Turner seconded, and the motion passed.**
5. **Mr. Turner moved to request approval of renewal of a one-year lease to the Small Business Development Center of Winthrop University for \$3,000 per year (Motion 12-37). Mr. Spivey seconded, and the motion passed.** It is hoped that this will be the last year for this lease, as the University plans to institute its own Small Business Development Program.
6. **Mr. Spivey made a motion to request approval of a one-year lease for three classrooms and three faculty offices for the nursing program at the Spier Building at the HGTC Grand Strand campus at an annual coast of \$8/sq. ft. or \$26,000. Rent includes all utilities, security, maintenance, custodial and telecommunication costs (Motion 12-38). Mr. Turner seconded, and the motion passed.**
7. **Mr. Spivey moved to request approval of adoption of a reimbursement resolution for the University from the bond issue relating to the Elvington Housing Project. (Motion 12-39). Mr. Turner seconded, and the motion passed.**
8. **Mr. Turner made a motion to approve the President's Discretionary Fund for 2012-2013, which is for the same amount as last year, \$197,950 (Motion 12-40). Mr. Turner seconded, and the motion passed.**

It was decided to discuss the motion on the Litchfield location lease (Motion 12-41) in Executive Session, as it was a contractual issue.

A brief capital projects update was presented by Mrs. Bowie.

Steve Harrison, Director of Student Housing, reviewed the Elvington Housing project design which consists of four residential buildings providing 1,270 beds. Some of the highlights include a headhouse which will have conference space and a terrace; entrance gates; a pavilion; and meeting spaces. It is hoped that the first of the four buildings will be completed by late fall 2014.

Effective Fall 2012, graduating seniors who miss the deadline for submission of their graduation application will have to pay a fine in addition to the regular graduation application fee.

After Executive Session to discuss contractual matters, Mr. Carlos Johnson noted that there were two action items as listed below:

Mr. Spivey moved to amend the current agreement with the CCU Reserve LLC so as to lease 8,600 sq. ft. at the 160 Willbrook Boulevard in Litchfield from October 2, 2012, through June 30, 2013, for a cost not to exceed \$55,350 (\$8.58 per square foot or \$73,800 annually) and to direct the President and Executive Vice President to continue to negotiate

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with the lessor and/or to seek other location possibilities (Motion 12-41). Mr. Turner seconded, and the motion passed.

Mr. Robert Templeton made a motion for the administration to perform a cost benefit analysis of each expense line item in the University's FY 2012-2013 budget and to look for cost savings that could be used to provide the Fund for Excellence as a solution to the faculty salary compression issue (Motion 12-42). Mr. Will Turner seconded, and the motion carried.

As there was no further business, Mr. Spivey moved to adjourn at 1:10 p.m. Mr. Turner seconded, and the motion carried.

Respectfully submitted,

JoAnna Dalton

JoAnna Dalton for
Larry L. Biddle
Secretary/Treasurer